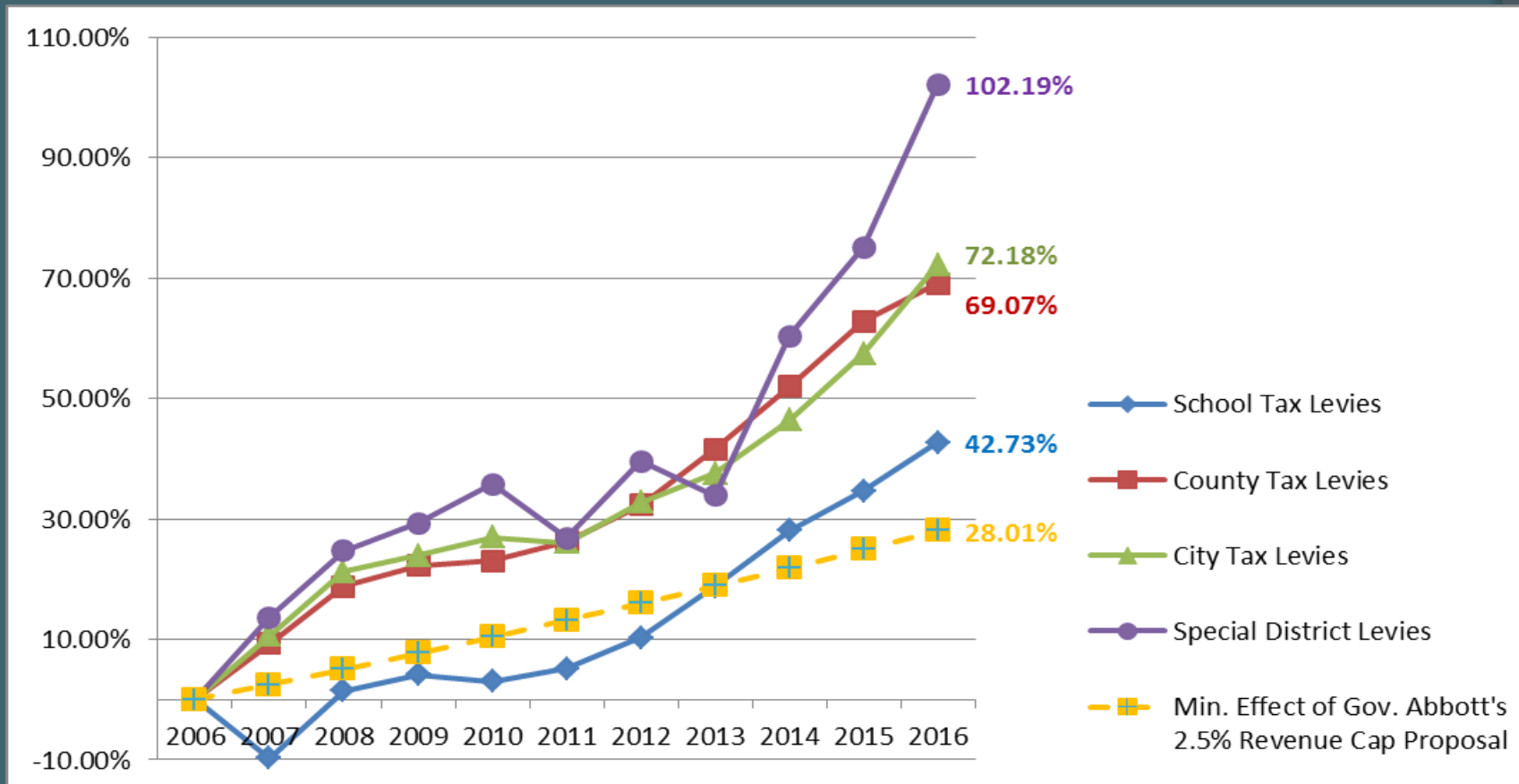


# Senate Select Committee on Property Tax Reform



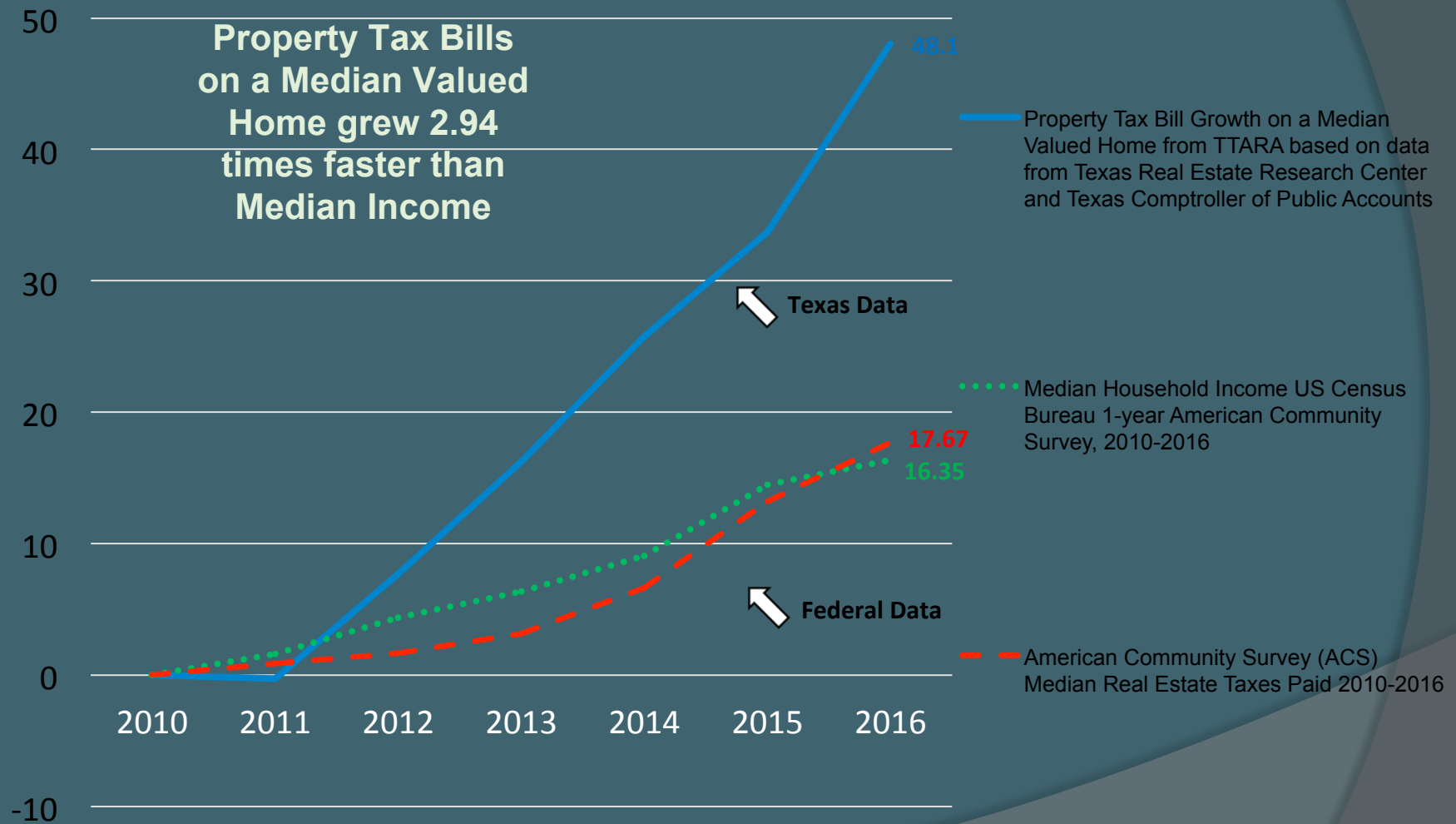
# 2006-2016 Property Tax Levy Growth

Since 2006, Property Tax Levies by class of taxing jurisdictions have grown by 42%, 69%, 72% and even over 100%.



Sources: Texas Comptroller of Public Accounts; 2016 data subject to revision

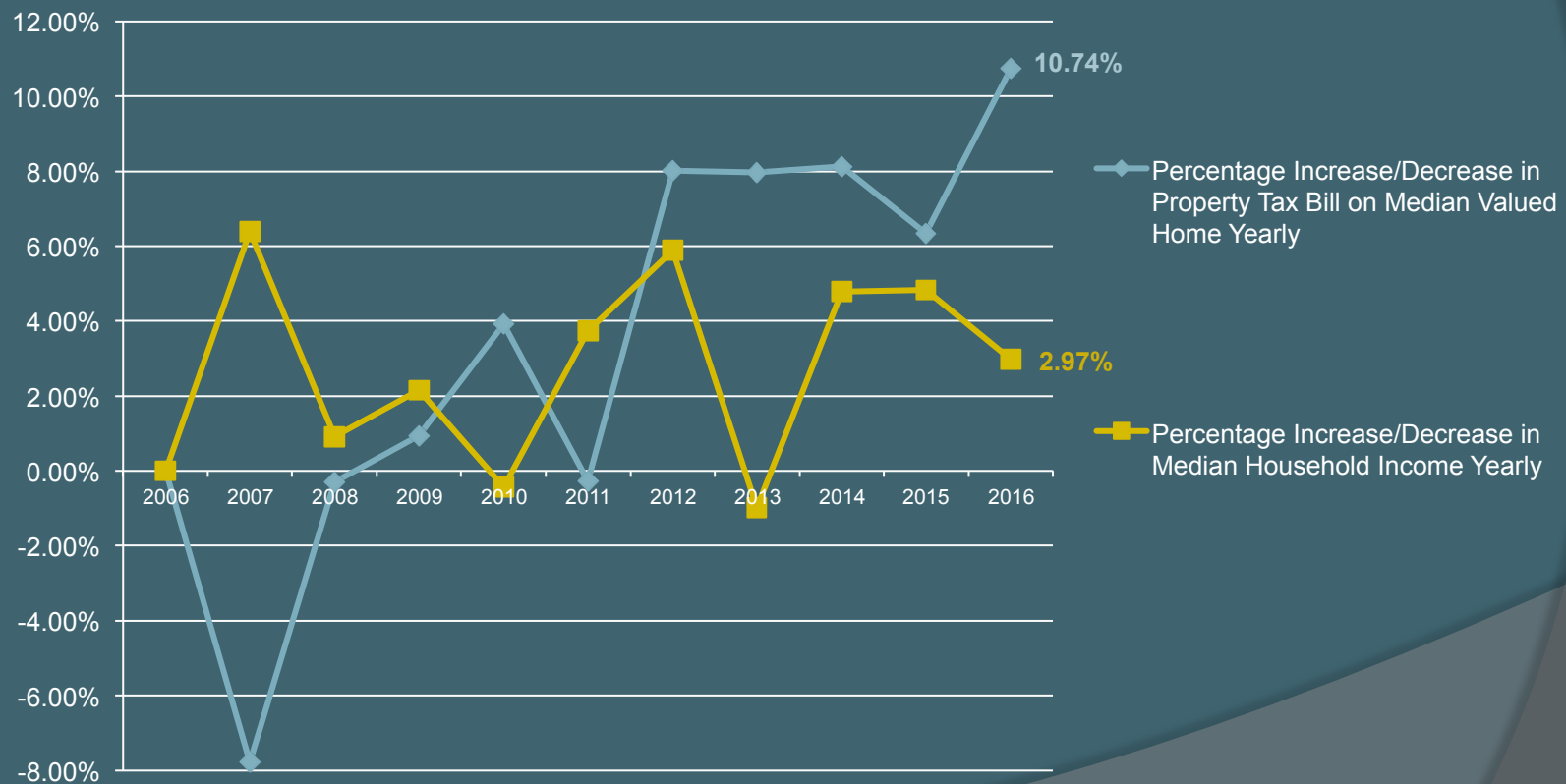
# LOCAL TAXES VS. HOUSEHOLD INCOMES



Sources: Texas Taxpayers and Research Association; U.S. Census American Community Survey (ACS)

# Property Taxes on a Median Valued Home vs. Median Household Income

In 2016, Property Taxes on a Median Valued Home Grew 2.94 Time Faster than Median Household Income.



Sources: Texas Comptroller of Public Accounts; Texas Real Estate Research Center, Federal Reserve, US Bureau of Labor Statistics

# CHARGE ONE

**Evaluate how property tax law could better advance disaster recovery after Hurricane Harvey while ensuring that taxpayers are protected from excessive taxation and wasteful spending.**

**“Flooded out homeowners need relief now...I continue to call upon...all impacted taxing entities, to do disaster reappraisal for hard pressed property owners that are dealing with the aftermath of Hurricane Harvey.”**

**“We're going to come up with a statute that's going to make it (reappraisals) automatic.”**

**“The bottom line in all of this is that we should not be kicking taxpayers while they are down.”**

**State Senator Paul Bettencourt**

# Texas Tax Code - TAX § 23.02. Reappraisal of Property Damaged in Disaster Area

(a) The governing body of a taxing unit that is located partly or entirely inside an area declared to be a disaster area by the governor may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster.

(b) If a taxing unit authorizes a reappraisal pursuant to this section, the appraisal office shall complete the reappraisal as soon as practicable. The appraisal office shall include on the appraisal records, in addition to other information required or authorized by law:

- (1) the date of the disaster;
- (2) the appraised value of the property after the disaster; and
- (3) if the reappraisal is not authorized by all taxing units in which the property is located, an indication of the taxing units to which the reappraisal applies.

(c) A taxing unit that authorizes a reappraisal under this section must pay the appraisal district all the costs of making the reappraisal. If two or more taxing units provide for the reappraisal in the same territory, each shall share the costs of the reappraisal in that territory in the proportion the total dollar amount of taxes imposed in that territory in the preceding year bears to the total dollar amount of taxes all units providing for reappraisal of that territory imposed in the preceding year.

(d) If property damaged in a disaster is reappraised as provided by this section, the governing body shall provide for prorating the taxes on the property for the year in which the disaster occurred. If the taxes are prorated, taxes due on the property are determined as follows: the taxes on the property based on its value on January 1 of that year are multiplied by a fraction, the denominator of which is 365 and the numerator of which is the number of days before the date the disaster occurred; the taxes on the property based on its reappraised value are multiplied by a fraction, the denominator of which is 365 and the numerator of which is the number of days, including the date the disaster occurred, remaining in the year; and the total of the two amounts is the amount of taxes on the property for the year.

(e) Repealed by Acts 1983, 68th Leg., p. 4829, ch. 851, § 28.

## Taxing Entities That Have Requested Reappraisals

1. Montgomery County
2. Fort Bend County
3. City of Shoreacres
4. City of Piney Point
5. Katy ISD
6. Spring Branch ISD
7. Willis ISD
8. MUD 386

Typical Houston Homeowner's 8 Taxing Entities  
That Appear on Their Property Tax Bill

**NONE** have Requested Reappraisals

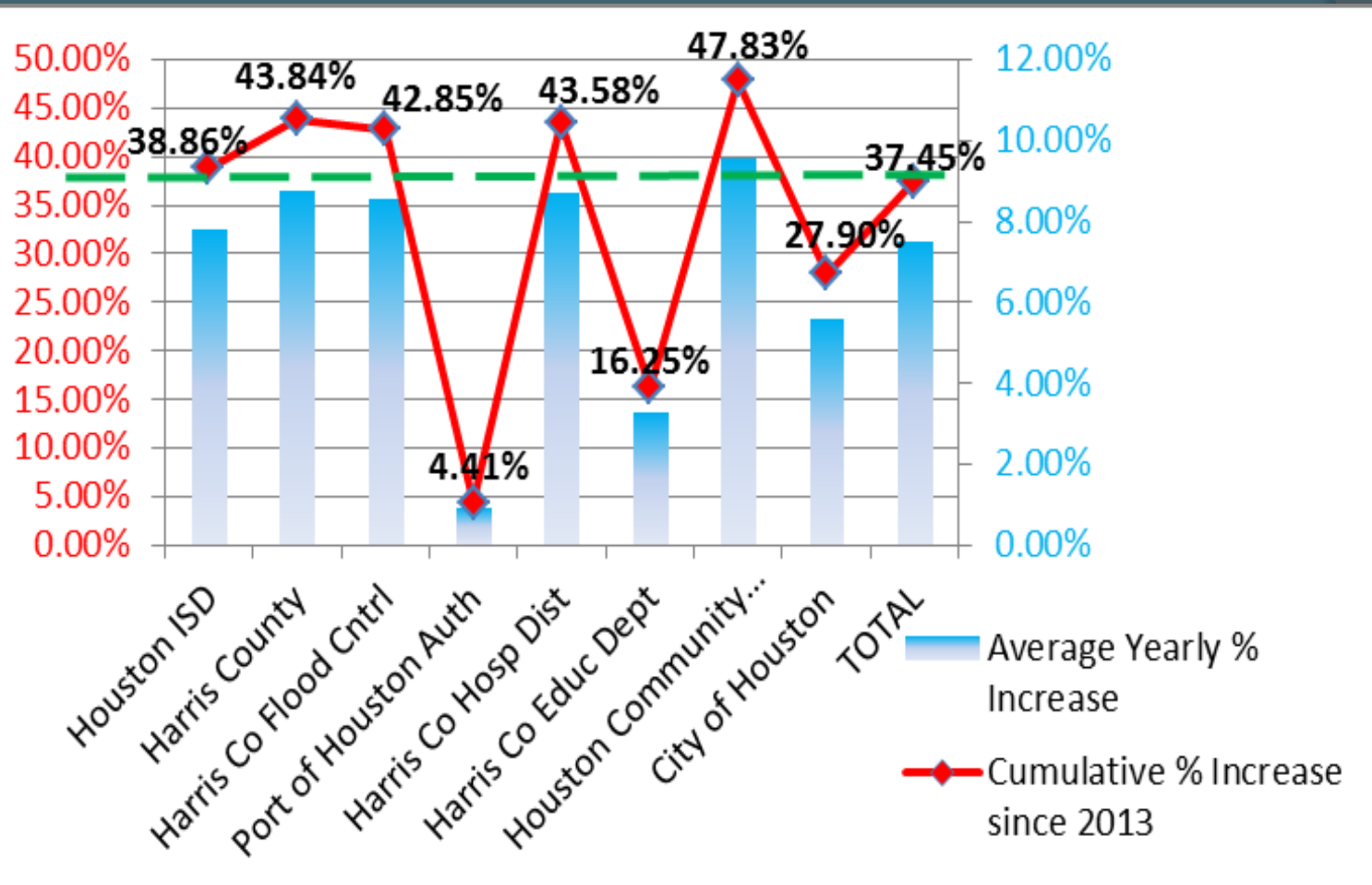
1. Houston ISD
2. Harris County
3. Harris County Flood Control District
4. Port of Houston Authority
5. Harris County Hospital District
6. Harris County Education Department
7. Houston Community College
8. City of Houston



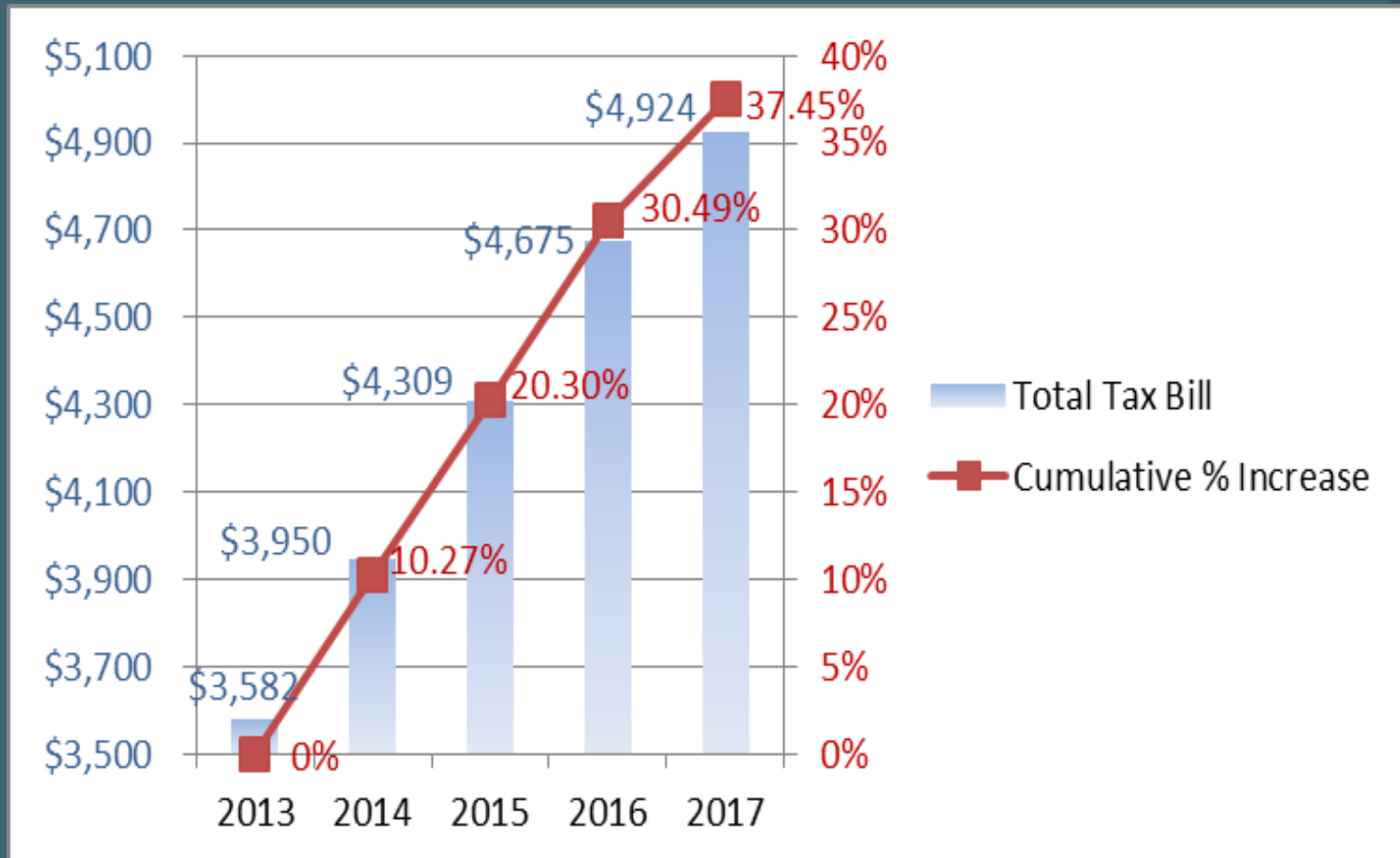
# Typical Houston Homeowner's Property Tax Bill for 2017 and the Cumulative Change Since 2013

Jurisdiction	2017			Year over Year (YOY) \$ Increase	YOY Percentage Increase	Cumulative \$ Increase since 2013	Cumulative Percentage Increase
	Avg. Taxable Value	Tax Rate	Tax Bill				
Houston ISD	\$ 215,544	\$ 1.206700	\$ 2,601	\$ 135	5.48%	\$ 728	38.86%
Harris County	\$ 165,822	\$ 0.418010	\$ 693	\$ 36	5.43%	\$ 211	43.84%
Harris Co Flood Cntrl	\$ 165,822	\$ 0.028310	\$ 47	\$ 2	5.13%	\$ 14	42.85%
Port of Houston Auth	\$ 165,822	\$ 0.012560	\$ 21	\$ (0.23)	-1.08%	\$ 0.88	4.41%
Harris Co Hosp Dist	\$ 165,822	\$ 0.171100	\$ 284	\$ 13	4.64%	\$ 86	43.58%
Harris Co Educ Dept	\$ 165,445	\$ 0.005195	\$ 9	\$ 0.45	5.54%	\$ 1.20	16.25%
Hou Community College	\$ 219,067	\$ 0.100263	\$ 220	\$ 11	5.40%	\$ 71	47.83%
City of Houston	\$ 179,701	\$ 0.584210	\$ 1,050	\$ 52	5.20%	\$ 229	27.90%
<b>TOTAL TAX BILL</b>			<b>\$ 4,924</b>	<b>\$ 249</b>	<b>5.33%</b>	<b>\$ 1,341</b>	<b>37.45%</b>

# Tax Growth by Taxing Jurisdiction 2013-2017



## Average City of Houston Homeowner's 4 Year Property Tax Bill Increase



## CHARGE TWO

Study the statutory changes necessary, if any, for a municipality to be able to redirect revenue from Tax Increment Reinvestment Zones (TIRZ) for a set period of time to assist in paying the costs associated with recovery and rebuilding necessary infrastructure following a disaster declaration by the Governor or President.

In 2016, Houston Mayor Turner asked for additional funds from TIRZ to help close a \$160 million city budget gap.

“What the mayor is doing is recognizing the obvious, which is that the TIRZs have all the cash and the city doesn’t. Now, what we’re going to do about that from here is we need to have a serious public policy discussion about.”

State Senator Paul Bettencourt

# Tax Increment Reinvestment Zones

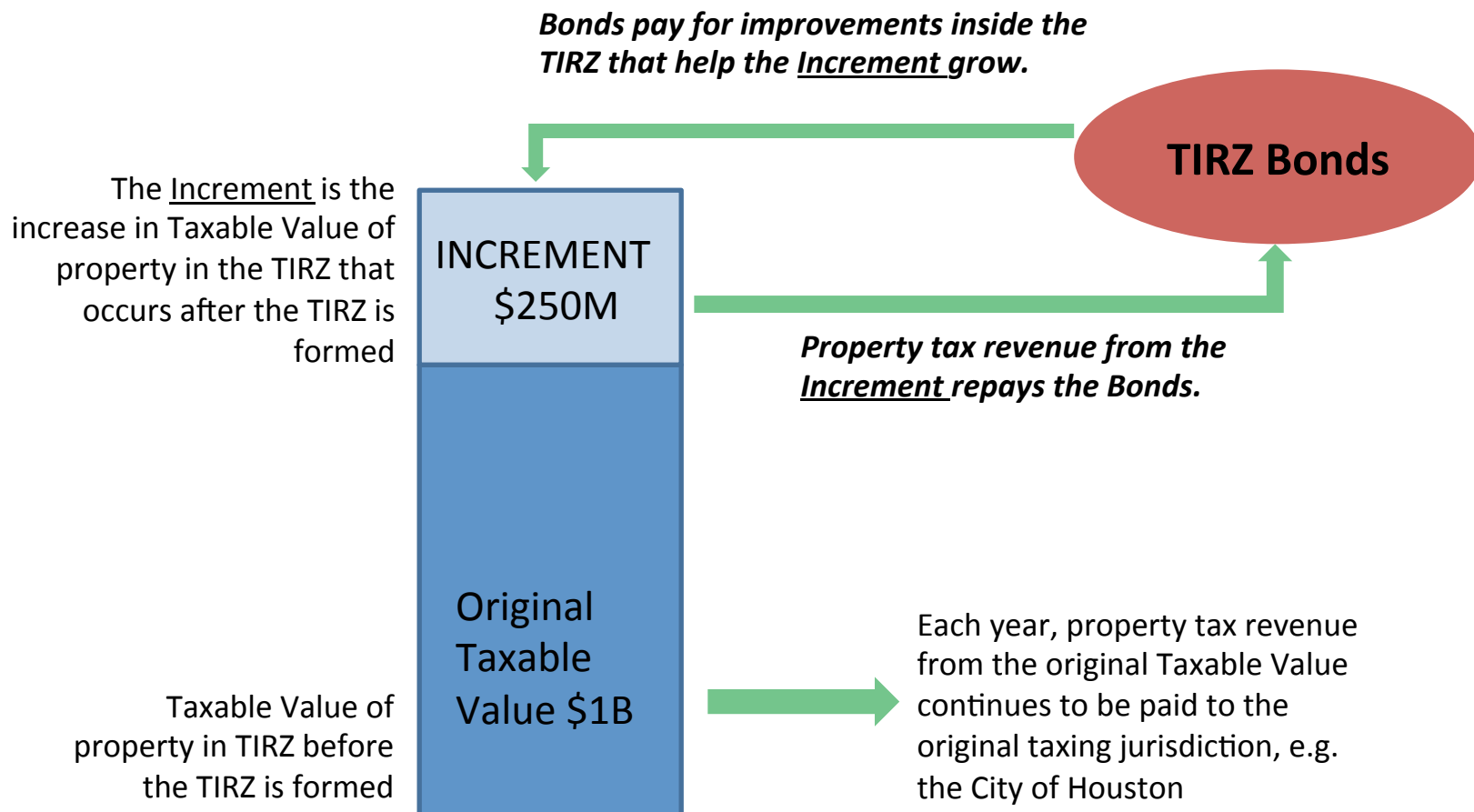
A tax increment reinvestment zone (TIRZ) is a political subdivision of a municipality or county in the state of Texas created to implement tax increment financing.

Tax increment financing is a tool that local governments can use to publicly finance improvements to infrastructure and buildings within a designated area known as a reinvestment zone. The cost of improvements to the reinvestment zone is repaid by the future tax revenues of each taxing unit that levies taxes against the property.

Each taxing unit can choose to dedicate all, a portion of, or none of the tax revenue gained as a result of improvements within the reinvestment zone.

They may be initiated by the city or county or by petition of owners whose total holdings in the zone consist of a majority of the appraised property value.

# Simple Anatomy of a TIRZ

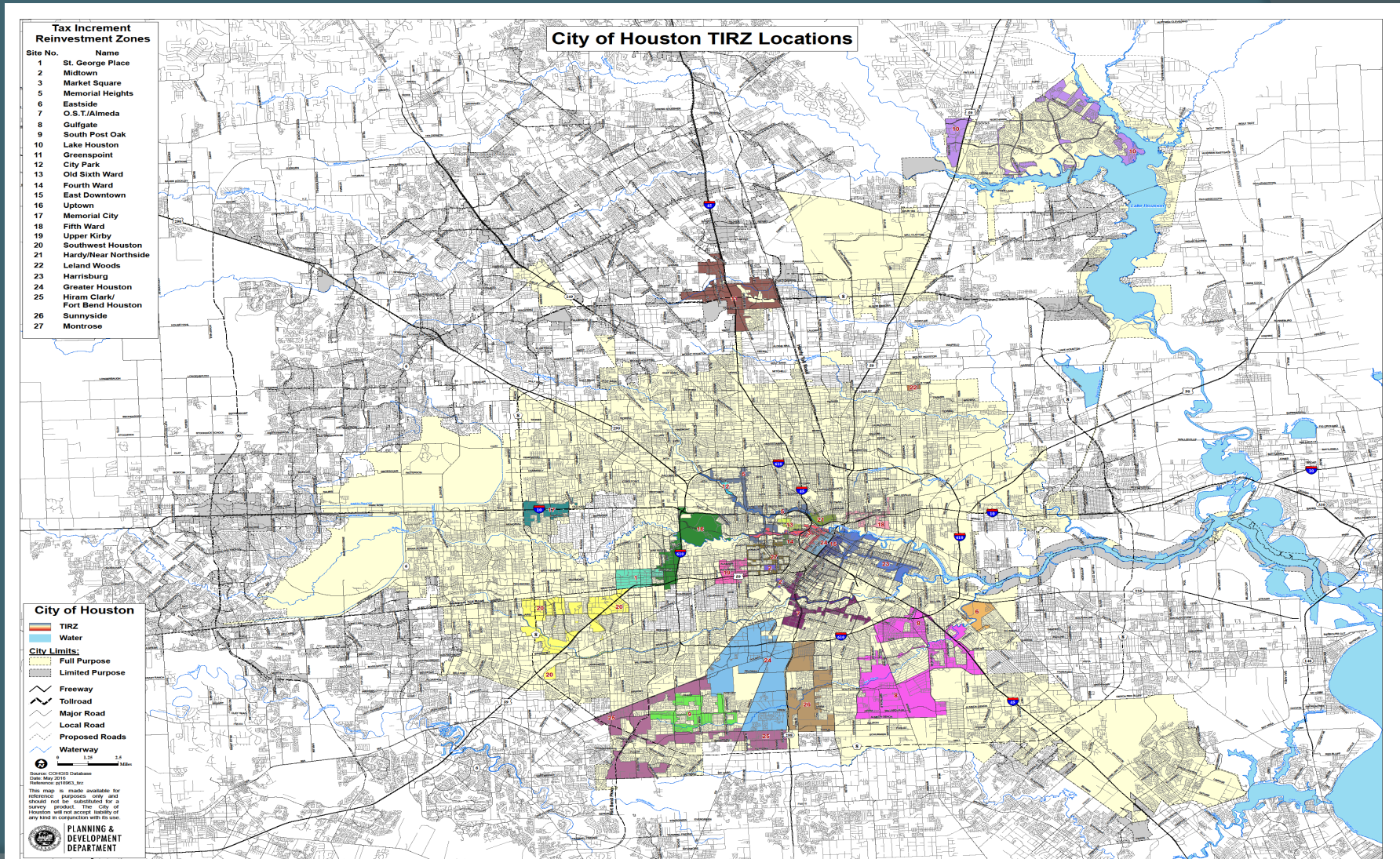


# For Example: TIRZ In the City of Houston

• St. George Place • Midtown • Main Square / Market Square • Village Enclaves • Memorial Heights • Eastside • OST / Almeda • Gulfgate • South Post Oak • Lake Houston • Greater Greenspoint • City Park • Old Sixth Ward • Fourth Ward • East Downtown • Uptown • Memorial City • Fifth Ward • Upper Kirby • Southwest Houston • Hardy / Near Northside • Leland Woods • Harrisburg • Greater Houston • Hiram Clarke / Ft. Bend Houston • Sunnyside • Montrose



# Map of Houston TIRZ





# Other Types of Special Districts

## **Municipal Utility Districts**

Chapter 54 (Municipal Utility Districts), Water Code, provides for the creation of municipal utility districts (MUDs) under and subject to Section 59, Article XVI, Texas Constitution.

## **Public Improvement Districts**

The creation of public improvement districts (PID) by counties and municipalities is authorized under Chapter 372 (Improvement Districts in Municipalities and Counties), Local Government Code.

## **Municipal Management Districts**

Under Section 375.001(b), Local Government Code, municipal management districts (MMD) are necessary to promote, develop, encourage, and maintain employment, commerce, economic development, and the public welfare in the commercial areas of municipalities and metropolitan areas of this state. An MMD is created to supplement, rather than supplant, the services and obligations of the municipality. An MMD may sue and be sued, incur liabilities, borrow money and issue notes, purchase and sell real and personal property, and enter into agreements.

## **Municipal Development Districts**

Chapter 377 (Municipal Development Districts), Local Government Code, provides for the creation of municipal development districts (MDD). MDDs are created for the purpose of constructing certain development projects, and the primary funding for those projects results from the imposition of a sales and use tax.

## **Hospital Districts**

Section 9, Article IX, Texas Constitution, authorizes the legislature to provide for the creation, establishment, maintenance, and operation of hospital districts. The constitution requires that hospital districts assume the full responsibility of providing medical and hospital care for the needy inhabitants of the district.

# Senate Select Committee on Property Tax Reform

Senator Paul Bettencourt, Chair

Senator Brandon Creighton

Senator Eddie Lucio, Jr.

Senator Van Taylor

Senator Kelly Hancock

Senator Charles Perry

Senator Carlos Uresti

